

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 8152
ORDER NO. 9579

IN THE MATTER OF A HEARING CALLED ON A MOTION OF THE COMMISSION TO CONSIDER THE APPLICATION OF JOLETTE OIL (USA), LLC FOR AN ORDER TO CREATE AND ESTABLISH A 640-ACRE SPACING AND/OR DRILLING UNIT, COMPRISED OF ALL OF SECTION 17, T.161N., R.95W., SADLER FIELD, DIVIDE COUNTY, NORTH DAKOTA, AUTHORIZING THE DRILLING OF A HORIZONTAL WELL NOT LESS THAN 660 FEET FROM THE SPACING AND/OR DRILLING UNIT BOUNDARY AS AN EXCEPTION TO ANY PREVIOUS SPACING ORDERS AND THE PROVISIONS OF SECTION 43-02-03-18 OF THE NORTH DAKOTA ADMINISTRATIVE CODE AND/OR SUCH OTHER AND FURTHER RELIEF AS THE COMMISSION DEEMS APPROPRIATE.

ORDER OF THE COMMISSION

THE COMMISSION FINDS:

- (1) This cause came on for hearing at 9:00 a.m. on the 3rd day of December, 2003.
- (2) The Commission, on November 18, 2003, authorized the Director to sign this order on their behalf if the Director was satisfied that there was no substantial opposition to the request and the record supports granting the relief requested.
- (3) Order No. 4915 entered in Case No. 4276 established proper spacing for the development of the Sadler-Madison Pool at one well per 160 acres and Order No. 7123 entered in Case No. 6153 established proper spacing for the development of the Sadler-Bakken Pool at one well per 160 acres. Only the Madison and Bakken Pools are currently spaced in the Sadler Field.
- (4) Jolette Oil (USA), LLC (Jolette) made application to the Commission for an order to create and establish a 640-acre spacing and/or drilling unit, comprised of all of Section 17, Township 161 North, Range 95 West, Sadler Field, Divide County, North Dakota (Section 17), authorizing the drilling of a horizontal well not less than 660 feet from the spacing and/or drilling

unit boundary as an exception to any previous spacing orders and the provisions of Section 43-02-03-18 of the North Dakota Administrative Code (NDAC) and/or such other and further relief as the Commission deems appropriate.

(5) Jollette requested that 640-acre spacing units be established for spaced pools in Section 17, and 640-acre drilling units be established for any unspaced pools.

(6) There are no wells currently permitted to or producing from any pool in Section 17.

(7) NDAC Section 43-02-03-18 requires horizontal oil wells drilled in unspaced pools projected to a depth not deeper than the Mission Canyon Formation to be drilled upon a tract described as two adjacent governmental quarter-quarter sections within the same section or equivalent lots, located not less than five hundred feet to the outside boundary of such tract.

(8) NDAC Section 43-02-03-18 requires horizontal oil wells drilled in unspaced pools projected to a depth deeper than the Mission Canyon Formation to be drilled upon a tract described as two adjacent governmental quarter sections within the same section or equivalent lots, located not less than six hundred sixty feet to the outside boundary of such tract.

(9) Jollette intends to drill a vertical well in the SE/4 SE/4 of Section 17 to test the Sadler-Madison Pool. Jollette then intends to plug back and utilize horizontal drilling technology to drill a horizontal lateral diagonally across Section 17 through the Sadler-Madison Pool. Utilization of this drilling technology in this manner may result in the well being completed at a location or locations not in compliance with current applicable spacing orders for the Sadler-Madison Pool.

(10) Jollette also requested the flexibility to drill horizontally through any unspaced pool. Utilization of this technology may result in the well being completed at a location or locations not in compliance with applicable spacing requirements.

(11) In order to effectively utilize horizontal drilling technology, it is essential that greater flexibility be afforded in locating the well bore of a horizontal hole than is allowed under the 80-acre or 320-acre drilling units pursuant to NDAC Section 43-02-03-18.

(12) Evidence and testimony presented to the Commission indicates that the proposed horizontal well will produce oil that might otherwise not be produced.

(13) Flexibility with respect to spacing unit size and the location of wells in the Sadler-Madison and Bakken Pools is essential to efficiently produce as much recoverable oil and gas as economically possible.

(14) Pursuant to Section 38-08-07 of the North Dakota Century Code, spacing units must be of uniform size and shape for the entire pool, except when found necessary to prevent waste, avoid the drilling of unnecessary wells, or to protect correlative rights, the Commission is authorized to divide any pool into zones and establish spacing units for each zone, which units may differ in size and shape from those established in any other zone.

(15) Zones of different spacing within the Sadler-Madison and Bakken Pools will allow the flexibility needed for utilization of horizontal drilling.

(16) Granting maximum flexibility in spacing unit size and in locating and drilling horizontal wells will result in economic and efficient development of the oil and gas resources in a manner that prevents waste and protects correlative rights.

(17) If the proposed well is productive from any unspaced pool, the Commission will establish spacing for the development of the pool as provided by statutes and rules of the Commission.

(18) If Jolette's activities are successful, greater ultimate recovery of oil and gas from the pool will be achieved which will prevent waste and the drilling of unnecessary wells in a manner which will not have a detrimental effect on correlative rights.

(19) There were no objections to this application.

(20) Approval of this application will prevent waste, avoid the drilling of unnecessary wells, and protect correlative rights.

(21) The Director has authority to sign this order on behalf of the Commission since there was no opposition and the record supports the requested relief.

IT IS THEREFORE ORDERED:

(1) Section 17, Township 161 North, Range 95 West, Divide County, North Dakota, is hereby established as a 640-acre spacing unit for the exclusive purpose of drilling a horizontal well within said spacing unit within the Sadler-Madison Pool and Zone III is hereby created to include said spacing unit.

(2) Section 17, Township 161 North, Range 95 West, Divide County, North Dakota, is hereby established as a 640-acre spacing unit for the exclusive purpose of drilling a horizontal well within said spacing unit within the Sadler-Bakken Pool and Zone II is hereby created to include said spacing unit.

(3) Section 17, Township 161 North, Range 95 West, Divide County, North Dakota, is hereby established as a 640-acre drilling unit for the exclusive purpose of drilling a horizontal well within said drilling unit within any unspaced pool.

(4) The Commission shall have continuing jurisdiction in this matter and specifically reserves the authority, upon its own motion or the motion of any interested party, to determine whether a horizontal well proposed or drilled upon any 640-acre spacing unit or drilling unit herein established, has justified the creation of such unit.

(5) For the purposes of any drilling unit established by this order, the pool definition shall coincide with current customary pool definitions issued by the Commission.

(6) All portions of the well bore not isolated by cement of any horizontal well drilled within a drilling unit established pursuant to this order shall be no closer than 660 feet to the boundary of the drilling unit. Measurement inaccuracies in the directional survey equipment shall be considered when determining compliance with the 660-foot setback.

(7) The operator of a horizontally drilled well in Section 17 shall cause to be made a directional survey of the well bore. The directional survey contractor shall file a certified survey with the Commission within 30 days after completion of the well in accordance with NDAC Section 43-02-03-25. The survey shall be of sufficient quality to enable the Commission to determine the entire completion location of the well and its terminus.

(8) No horizontal well shall be drilled or produced in any pool in Section 17, except in conformity with the regulations here set forth, without special order of the Commission after due notice and hearing.

(9) The Sadler Field is hereby redefined as the following described tracts of land in Divide County, North Dakota:

TOWNSHIP 161 NORTH, RANGE 95 WEST, 5TH PM
ALL OF SECTIONS 16 AND 17, THE SW/4 OF SECTION 4, THE SE/4 OF SECTION 5,
THE S/2 OF SECTION 8, THE S/2 AND NW/4 OF SECTION 9, AND THE N/2 OF
SECTIONS 20 AND 21,

together with those additional quarter sections or governmental lots corresponding thereto as may be proven productive by wells drilled on lands within one mile of the boundaries of the field as set forth above, provided further that such extensions of the field boundaries shall include only sufficient acreage to form a spacing unit for such wells, and any intervening lands.

(10) The Sadler-Madison Pool is hereby redefined as the following described tracts of land in Divide County, North Dakota:

ZONE I

TOWNSHIP 161 NORTH, RANGE 95 WEST, 5TH PM
ALL OF SECTIONS 16 AND 17, THE SE/4 OF SECTION 5, THE S/2 OF SECTION 8,
THE S/2 AND NW/4 OF SECTION 9, AND THE N/2 OF SECTIONS 20 AND 21.

ZONE II

TOWNSHIP 161 NORTH, RANGE 95 WEST, 5TH PM
THE SW/4 OF SECTION 4.

ZONE III (Exclusively for horizontal wells)

TOWNSHIP 161 NORTH, RANGE 95 WEST, 5TH PM
ALL OF SECTION 17.

(11) The Sadler-Madison Pool is hereby redefined as that accumulation of oil and gas found in the interval from below the base of the Last Charles Salt to above the top of the Lodgepole Formation within the limits of the field as set forth above.

(12) The proper spacing for the development of Zone I in the Sadler-Madison Pool is hereby set at one well per 160 acres.

(13) All wells hereafter drilled in Zone I in the Sadler-Madison Pool shall be located not less than 500 feet from a spacing unit boundary. Wells presently permitted to or producing from the pool that do not conform to this spacing pattern shall be considered exceptions.

(14) Spacing units in Zone I in the Sadler-Madison Pool shall consist of a governmental quarter section or governmental lots corresponding thereto.

(15) The proper spacing for the development of Zone II in the Sadler-Madison Pool is hereby set at up to two wells per 160 acres.

(16) All wells hereafter drilled in Zone II in the Sadler-Madison Pool shall be located not less than 500 feet from a spacing unit boundary. However, the second well allowed in the SW/4 of Section 4, Township 161 North, Range 95 West, Divide County, North Dakota, shall be located in the SW/4 of the SW/4. Wells presently permitted to or producing from the pool that do not conform to this spacing pattern shall be considered exceptions.

(17) Spacing units in Zone II in the Sadler-Madison Pool shall consist of a governmental quarter section or governmental lots corresponding thereto.

(18) Zone II in the Sadler-Madison Pool shall not be extended except by further order of the Commission after due notice and hearing.

(19) Provisions established herein for Zone III in the Sadler-Madison Pool are for the exclusive purpose of drilling horizontal wells. Existing and future vertical and directional wells drilled within the area defined as Zone III in paragraph (10) above shall conform to the applicable spacing requirements for the orderly development of Zone I in the Sadler-Madison Pool.

(20) The proper spacing for the development of Zone III in the Sadler-Madison Pool is hereby set at one horizontal well per 640 acres.

(21) All portions of the well bore not isolated by cement of any horizontal well hereafter drilled in Zone III in the Sadler-Madison Pool shall be no closer than 660 feet to the boundary of the spacing unit. Measurement inaccuracies in the directional survey equipment shall be considered when determining compliance with the 660-foot setback.

(22) Spacing units in Zone III in the Sadler-Madison Pool shall consist of a governmental section or governmental lots corresponding thereto.

(23) Zone III in the Sadler-Madison Pool shall not be extended except by further order of the Commission after due notice and hearing.

(24) No well shall be hereafter drilled or produced in the Sadler-Madison Pool, as defined herein, except in conformity with the regulations above without special order of the Commission after due notice and hearing.

(25) The operator of any horizontally drilled well in the Sadler-Madison Pool shall cause to be made a directional survey of the well bore. The directional survey contractor shall file a certified survey with the Commission within 30 days after completion of the well in accordance with NDAC Section 43-02-03-25. The survey shall be of sufficient quality to enable the Commission to determine the entire completion location of the well and its terminus.

(26) The Commission shall have continuing jurisdiction in this matter and specifically reserves the authority, upon its own motion or the motion of any interested party, to: (1) review the spacing requirements for the Sadler-Madison Pool; (2) determine whether the separate zones of spacing established herein are warranted; and, (3) make such further amendments or modifications to the spacing requirements for the Sadler-Madison Pool as the Commission deems appropriate.

(27) The following rules concerning the casing, tubing and equipping of wells shall apply to the subsequent drilling and operation of wells in the Sadler-Madison Pool:

- (a) The surface casing shall consist of new or reconditioned pipe that has been previously tested to 1000 pounds per square inch. The casing shall be set and cemented at a point not less than 50 feet below the base of the Fox Hills Formation. Sufficient cement shall be used to fill the annular space outside the pipe to the surface of the ground or the bottom of the cellar, and sufficient scratchers and centralizers shall be used to assure a good cement job. Cement shall be allowed to stand a minimum of 12 hours before drilling the plug or initiating tests. The quality of cement shall conform to the standards provided under NDAC Section 43-02-03-21;
- (b) The producing or oil string shall consist of new or reconditioned pipe that has been previously tested to 2000 pounds per square inch. Casing shall be set and cemented at a point not higher than the top of the producing formation, or at a point approved by the Director. Sufficient cement shall be used and applied in such manner to protect and isolate all formations containing oil and/or gas, protect the pipe through salt sections encountered, and to isolate the Dakota-Lakota Series. The cement shall be allowed to stand a minimum of 15 hours before drilling the plug or initiating tests. The quality of cement shall conform to the standards provided under NDAC Section 43-02-03-21. After cementing, the casing shall be tested by application of pump pressure of at least 2000 pounds per square inch. If, at the end of 30 minutes this pressure shall have dropped 150 pounds per square inch or more, the casing shall be repaired. Thereafter, the casing shall again be tested in the same manner. Further work shall not proceed until a satisfactory test has been obtained;
- (c) All well-head fittings and connections shall have a working pressure in excess of that to which they are expected to be subjected; and,

- (d) All wells shall be equipped with tubing and all flowing wells shall be equipped with tubing and tubing packer; all tubing shall be of sufficient internal diameter to allow the passage of a bottom hole pressure gauge for the purpose of obtaining bottom hole pressure measurements.

(28) The gas-oil ratio of all wells not connected to a gas gathering system shall be measured annually during the month of May. The reservoir pressure shall be measured within 45 days in all wells hereinafter completed in the Sadler-Madison Pool. Drill stem test pressures are acceptable for determining reservoir pressure. Pressure measurements shall be made at or adjusted to a subsea datum of 5065 feet after the well has been shut in for a minimum of 48 hours. All gas-oil ratio and reservoir pressure determinations shall be made by methods approved by the Director and reported to the Director within 15 days following the end of the month in which they are determined. The Director is authorized to waive these requirements if the necessity therefor can be demonstrated to his satisfaction. All additional gas-oil ratio and reservoir pressure determinations conducted on any well, but not specifically required herein, shall be reported to the Director within 15 days following the end of the month in which they are determined.

(29) No saltwater, drilling mud, crude oil, or waste oil shall be stored in pits in this field, except in an emergency, and approved by the Director.

(30) All wells in the Sadler-Madison Pool shall be allowed to produce at an unrestricted rate for a period of 30 days commencing on the first day oil is produced through well-head equipment into tanks from the ultimate producing interval after casing has been run; thereafter, oil production from such wells shall not exceed an average of 100 barrels of oil per day; if and when such wells are connected to a gas gathering and processing facility the foregoing restrictions shall be removed, and the wells shall be allowed to produce at a maximum efficient rate.

(31) If the flaring of gas produced with crude oil from the Sadler-Madison Pool causes, or threatens to cause, degradation of ambient air quality, production from the pool shall be further restricted.

(32) This order shall cover all of the Sadler-Madison Pool common source of supply of crude oil and/or natural gas as herein defined, and all provisions of the pool shall continue in full force and effect until further order of the Commission or until the last well in the pool has been plugged and abandoned.

(33) The Sadler-Bakken Pool is hereby redefined as the following described tracts of land in Divide County, North Dakota:

ZONE I

TOWNSHIP 161 NORTH, RANGE 95 WEST, 5TH PM

ALL OF SECTIONS 16 AND 17, THE SW/4 OF SECTION 4, THE SE/4 OF SECTION 5, THE S/2 OF SECTION 8, THE S/2 AND NW/4 OF SECTION 9, AND THE N/2 OF SECTIONS 20 AND 21.

ZONE II (Exclusively for horizontal wells)

TOWNSHIP 161 NORTH, RANGE 95 WEST, 5TH PM
ALL OF SECTION 17.

(34) The Sadler-Bakken Pool is hereby redefined as that accumulation of oil and gas found in the interval from below the base of the Lodgepole Formation to above the top of the Three Forks Formation within the limits of the field as set forth above.

(35) The proper spacing for the development of Zone I in the Sadler-Bakken Pool is hereby set at one well per 160 acres.

(36) All wells hereafter drilled in Zone I in the Sadler-Bakken Pool shall be located not less than 500 feet from a spacing unit boundary. Wells presently permitted to or producing from the pool that do not conform to this spacing pattern shall be considered exceptions.

(37) Spacing units in Zone I in the Sadler-Bakken Pool shall consist of a governmental quarter section or governmental lots corresponding thereto.

(38) Provisions established herein for Zone II in the Sadler-Bakken Pool are for the exclusive purpose of drilling horizontal wells. Existing and future vertical and directional wells drilled within the area defined as Zone II in paragraph (33) above shall conform to the applicable spacing requirements for the orderly development of Zone I in the Sadler-Bakken Pool.

(39) The proper spacing for the development of Zone II in the Sadler-Bakken Pool is hereby set at one horizontal well per 640 acres.

(40) All portions of the well bore not isolated by cement of any horizontal well hereafter drilled in Zone II in the Sadler-Bakken Pool shall be no closer than 660 feet to the boundary of the spacing unit. Measurement inaccuracies in the directional survey equipment shall be considered when determining compliance with the 660-foot setback.

(41) Spacing units in Zone II in the Sadler-Bakken Pool shall consist of a governmental section or governmental lots corresponding thereto.

(42) Zone II in the Sadler-Bakken Pool shall not be extended except by further order of the Commission after due notice and hearing.

(43) No well shall be hereafter drilled or produced in the Sadler-Bakken Pool, as defined herein, except in conformity with the regulations above without special order of the Commission after due notice and hearing.

(44) The operator of any horizontally drilled well in the Sadler-Bakken Pool shall cause to be made a directional survey of the well bore. The directional survey contractor shall file a certified survey with the Commission within 30 days after completion of the well in accordance with NDAC Section 43-02-03-25. The survey shall be of sufficient quality to enable the Commission to determine the entire completion location of the well and its terminus.

(45) The Commission shall have continuing jurisdiction in this matter and specifically reserves the authority, upon its own motion or the motion of any interested party, to: (1) review the spacing requirements for the Sadler-Bakken Pool; (2) determine whether the separate zones of spacing established herein are warranted; and, (3) make such further amendments or modifications to the spacing requirements for the Sadler-Bakken Pool as the Commission deems appropriate.

(46) The following rules concerning the casing, tubing and equipping of wells shall apply to the subsequent drilling and operation of wells in the Sadler-Bakken Pool:

- (a) The surface casing shall consist of new or reconditioned pipe that has been previously tested to 1000 pounds per square inch. The casing shall be set and cemented at a point not less than 50 feet below the base of the Fox Hills Formation. Sufficient cement shall be used to fill the annular space outside the pipe to the surface of the ground or the bottom of the cellar, and sufficient scratchers and centralizers shall be used to assure a good cement job. Cement shall be allowed to stand a minimum of 12 hours before drilling the plug or initiating tests. The quality of cement shall conform to the standards provided under NDAC Section 43-02-03-21;
- (b) The producing or oil string shall consist of new or reconditioned pipe that has been previously tested to 2000 pounds per square inch. Casing shall be set and cemented at a point not higher than the top of the producing formation, or at a point approved by the Director. Sufficient cement shall be used and applied in such manner to protect and isolate all formations containing oil and/or gas, protect the pipe through salt sections encountered, and to isolate the Dakota-Lakota Series. The cement shall be allowed to stand a minimum of 15 hours before drilling the plug or initiating tests. The quality of cement shall conform to the standards provided under NDAC Section 43-02-03-21. After cementing, the casing shall be tested by application of pump pressure of at least 2000 pounds per square inch. If, at the end of 30 minutes this pressure shall have dropped 150 pounds per square inch or more, the casing shall be repaired. Thereafter, the casing shall again be tested in the same manner. Further work shall not proceed until a satisfactory test has been obtained;
- (c) All well-head fittings and connections shall have a working pressure in excess of that to which they are expected to be subjected; and,
- (d) All wells shall be equipped with tubing and all flowing wells shall be equipped with tubing and tubing packer; all tubing shall be of sufficient internal diameter to allow the passage of a bottom hole pressure gauge for the purpose of obtaining bottom hole pressure measurements.

(47) The gas-oil ratio of all wells not connected to a gas gathering system shall be measured annually during the month of May. The reservoir pressure shall be measured within 45 days in all wells hereinafter completed in the Sadler-Bakken Pool. Drill stem test pressures are acceptable for determining reservoir pressure. Pressure measurements shall be made at or

adjusted to a subsea datum of 6280 feet after the well has been shut in for a minimum of 48 hours. All gas-oil ratio and reservoir pressure determinations shall be made by methods approved by the Director and reported to the Director within 15 days following the end of the month in which they are determined. The Director is authorized to waive these requirements if the necessity therefor can be demonstrated to his satisfaction. All additional gas-oil ratio and reservoir pressure determinations conducted on any well, but not specifically required herein, shall be reported to the Director within 15 days following the end of the month in which they are determined.

(48) No saltwater, drilling mud, crude oil, or waste oil shall be stored in pits in this field, except in an emergency, and approved by the Director.

(49) All wells in the Sadler-Bakken Pool shall be allowed to produce at an unrestricted rate for a period of 30 days commencing on the first day oil is produced through well-head equipment into tanks from the ultimate producing interval after casing has been run; thereafter, oil production from such wells shall not exceed an average of 100 barrels of oil per day; if and when such wells are connected to a gas gathering and processing facility the foregoing restrictions shall be removed, and the wells shall be allowed to produce at a maximum efficient rate.

(50) If the flaring of gas produced with crude oil from the Sadler-Bakken Pool causes, or threatens to cause, degradation of ambient air quality, production from the pool shall be further restricted.

(51) This order shall cover all of the Sadler-Bakken Pool common source of supply of crude oil and/or natural gas as herein defined, and all provisions of the pool shall continue in full force and effect until further order of the Commission or until the last well in the pool has been plugged and abandoned.

(52) All provisions of this order pertaining to the creation of 640-acre drilling units shall remain in full force and effect until further order of the Commission.

Dated this 5th day of December, 2003.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

By the Director, on behalf of the Commission

/s/ Lynn D. Helms, Director

SFN5729

STATE OF NORTH DAKOTA

AFFIDAVIT OF MAILING

COUNTY OF BURLEIGH

I, Donna Bauer, being duly sworn upon oath, depose and say: That on the 5th day of December, 2003, enclosed in separate envelopes true and correct copies of the attached Order No. 9579 of the North Dakota Industrial Commission, and deposited the same with the United State Postal Service in Bismarck, North Dakota, with postage thereon fully paid, directed to the following persons by the Industrial Commission in Case No. 8152 :

John Morrison
Fleck, Mather & Strutz Ltd.
P. O. Box 2798
Bismarck, ND 58502

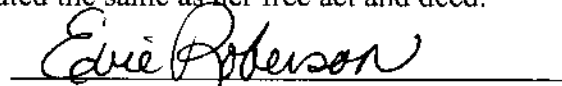
Lawrence Bender
Pearce & Durick
P. O. Box 400
Bismarck, ND 58502

Roger Borchert
P. O. Box 5006
Bismarck, ND 58502



Donna Bauer
Oil & Gas Division

On this 5th day of December, 2003, before me personally appeared Donna Bauer to me known as the person described in and who executed the foregoing instrument and acknowledged that she executed the same as her free act and deed.



Ernie Pederson
Notary Public
State of ND, County of Burleigh
My Commission expires 11-03-2004



WILLIAM R. PEARCE 1910-1978
 WILLIAM R. PEARCE
 PATRICK W. DURICK
 B. TIMOTHY DURICK
 GARY R. THUNE •
 DAVID E. REICH
 JEROME C. KETTLESON
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OF COUNSEL
 HARRY J. PEARCE



November 11, 2003

VIA FACSIMILE AND U.S. MAIL

Ms. Karlene Fine
 Executive Director and Secretary
 North Dakota Industrial Commission
 Capitol Building, 14th Floor
 600 East Boulevard
 Bismarck, North Dakota 58505-0310

**RE: NORTH DAKOTA INDUSTRIAL
 COMMISSION CASE NO. 8152**

Dear Ms. Fine:

This firm represents Jolette Oil (USA), LLC ("Jolette") in the above-captioned matter which is scheduled to be heard on December 3, 2003.

Case No. 8152 requests an Order of the North Dakota Industrial Commission ("Commission") to create and establish a 640-acre spacing and/or drilling unit, comprised of all of Section 17, Township 161 North, Range 95 West, Sadler Field, Divide County, North Dakota, authorizing the drilling of a horizontal well not less than 660 feet from the spacing and/or drilling unit boundary as an exception to any previous spacing orders and well location rules.

Jolette is in the process of securing a rig to drill the above-referenced well. It is anticipated that a rig will be available which would allow for a spud date in early December of 2003. If Jolette cannot drill this well in early December, the rig Jolette plans to utilize will likely be committed to other projects and this well will be delayed or may never be drilled.

Ms. Karlene Fine
November 11, 2003
Page 2

Jolette, therefore, respectfully requests that the Director of the Oil and Gas Division, Mr. Lynn Helms, be given the authority to consider the evidence presented at the hearing of the above-captioned matter and thereafter grant Jolette's application if he deems the request appropriate.

Should you have any questions, please advise.

Sincerely,



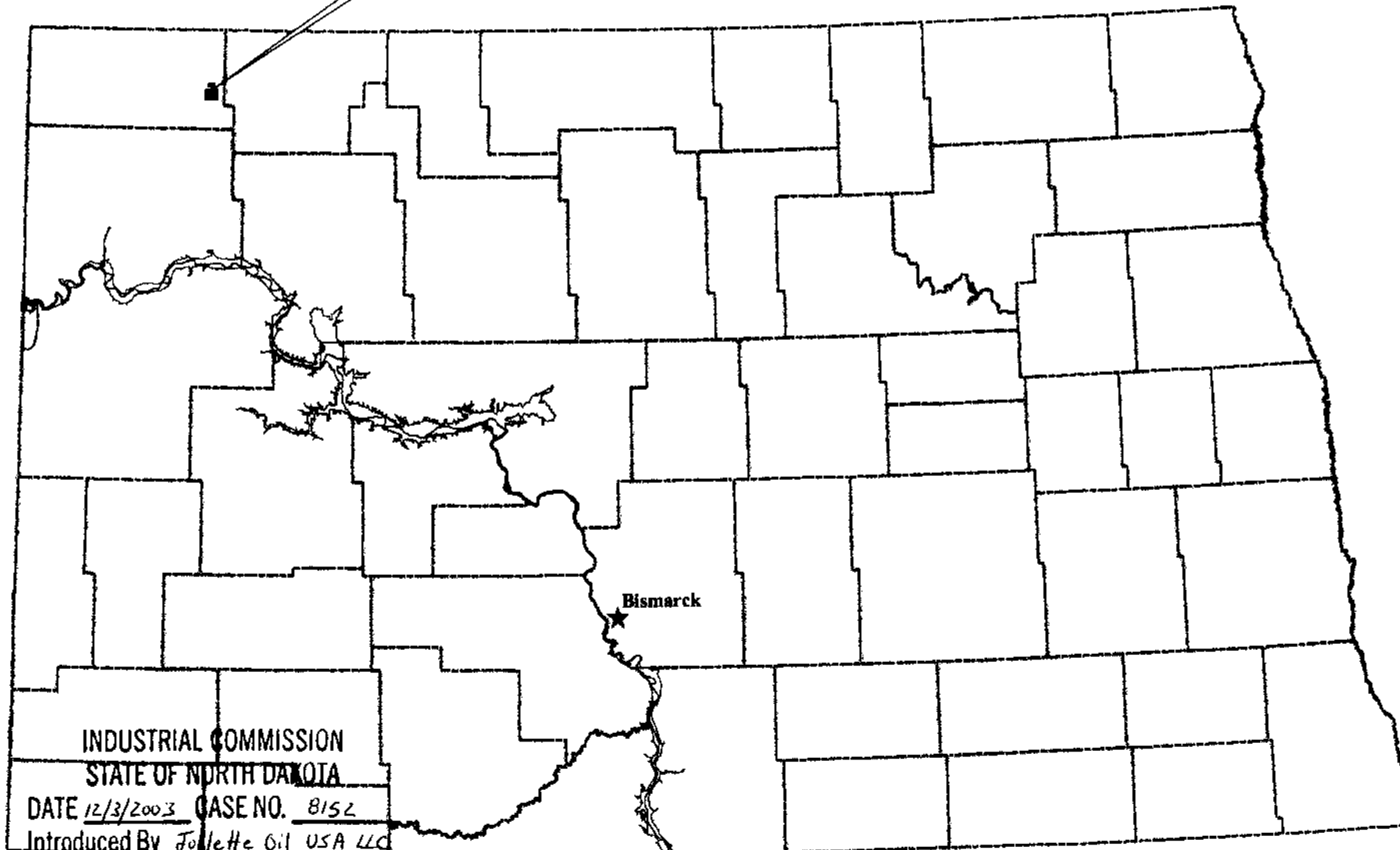
LAWRENCE BENDER

LB/leo

cc: Mr. Lynn Helms *Via Facsimile and U.S. Mail*
Mr. Bruce Hicks *Via Facsimile and U.S. Mail*

Sadler Field Location

Sadler Field



INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

DATE 12/3/2003 CASE NO. 8152

Introduced By Follette Oil USA LLC

Exhibit 1

Identified By Roger Borchert

NDIC CASE NO 8152

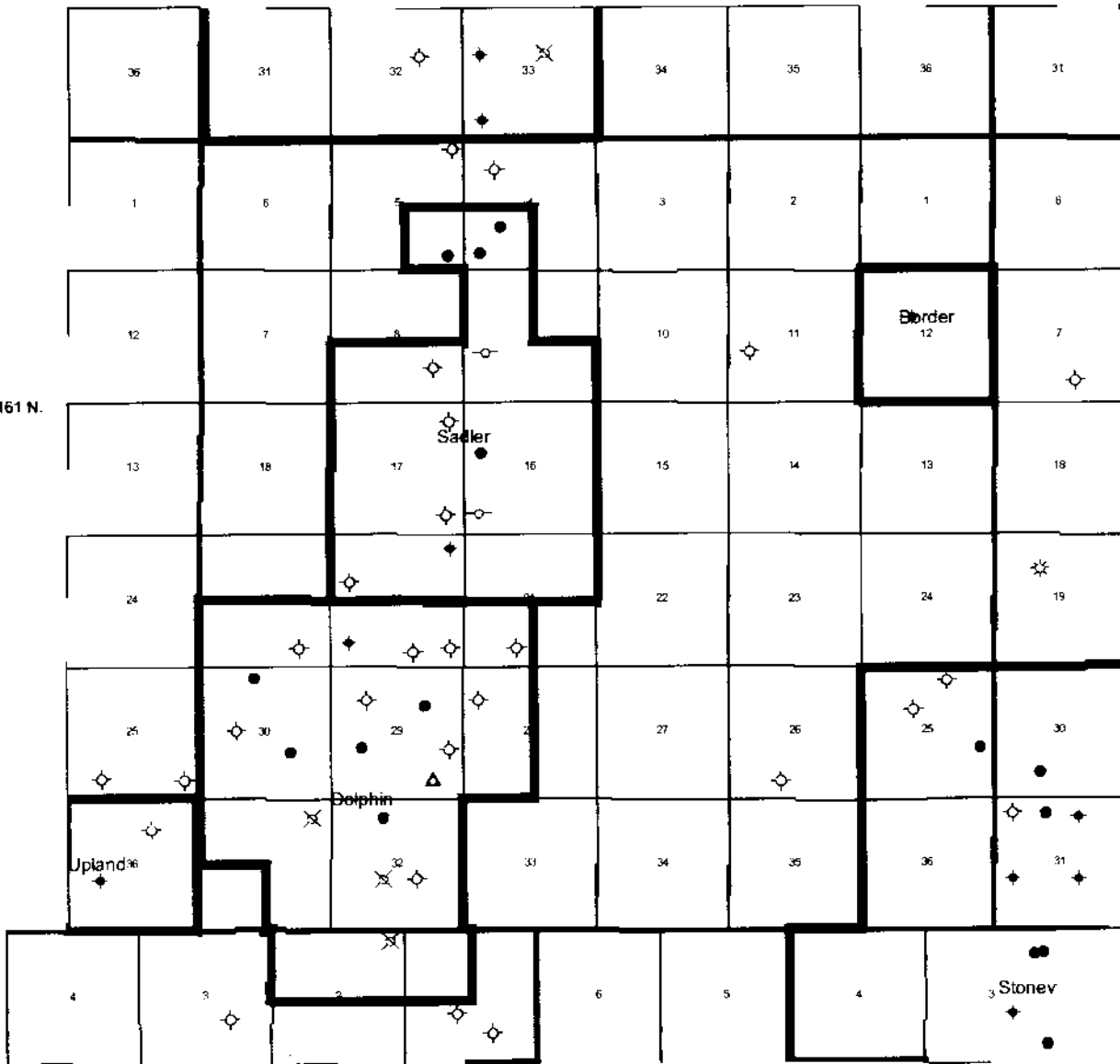
EXHIBIT NO 1



Well Locations

R. 95 W.

T. 161 N.



INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

DATE 12/3/2003 CASE NO. 8152

Introduced By Follette Oil USA LLC

Exhibit 2

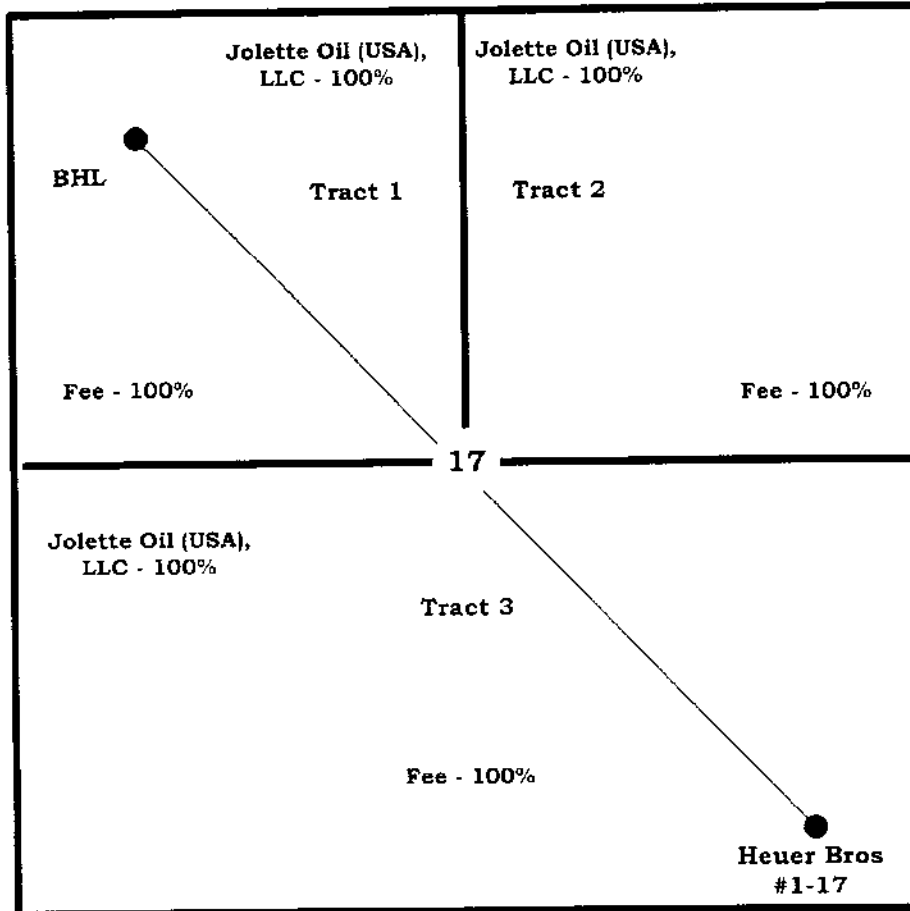
Identified By Borchert

NDIC CASE NO 8152
EXHIBIT NO 2



Land Plat

Township 161 North, Range 95 West
Section 17: All
Divide County, North Dakota

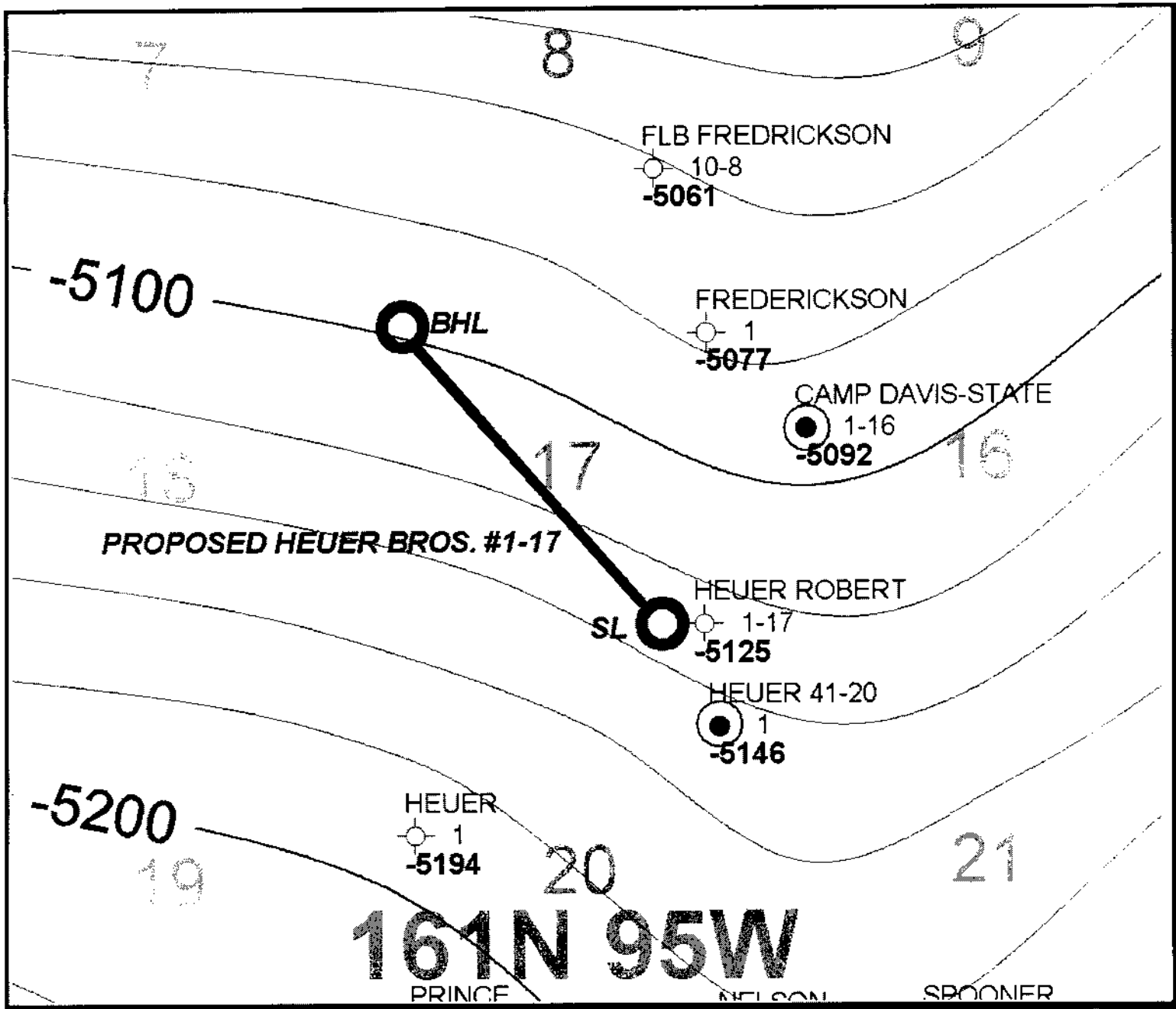


Working Interest in Section 17
Jolette Oil (USA), LLC 100.00%

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA
DATE 12/3/2003 CASE NO. 8152
Introduced By Jolette Oil USA LLC
Exhibit 3
Identified By Borchert

JOLETTE OIL (USA), LLC

NDIC CASE NO 8152
EXHIBIT NO 3



INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

DATE 12/3/2003 CASE NO. 8152
Introduced By Jollette Oil USA LLC
Exhibit 4
Identified By Borchert

NDIC CASE NO 8152
EXHIBIT NO A

JOLETTE OIL (USA), LLC

**Structure Top Mission Canyon
ci = 20 feet**

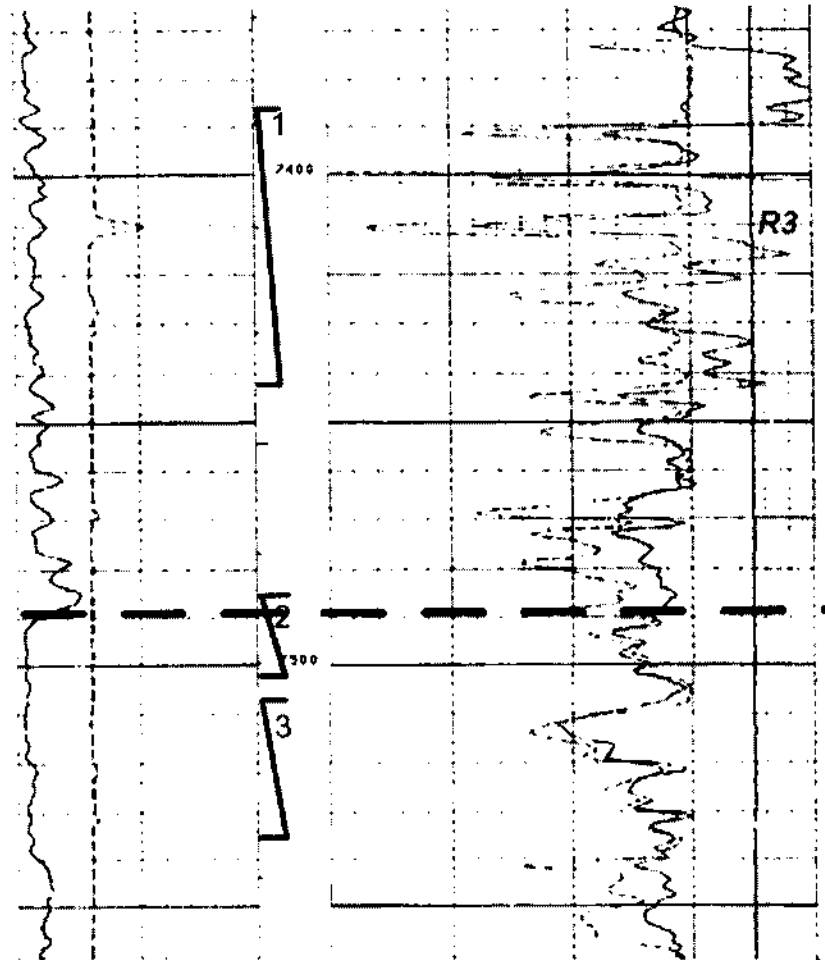
Schlumberger COMPENSATED NEUTRON FORMATION DENSITY

WELL: HEUER NO. 1-12
 FIELD: WILDCAT
 COUNTY: DIVIDE STATE: NORTH DAKOTA

SW/SE 660' FSL 820' FSL
 17 1618 95W

DL 2351
 KB 14 2365
 KB 2351

2-8-01
 ONE
 7900
 7882
 7879
 6480
 3-5/8 1618
 NOT LOGGED
 8-3/4
 SALT STARCH
 0.5 37
 6.0 16
 PUMP TANK
 .065 55
 .052 55
 .098 55
 H
 .0173 225
 1100 2-8
 2330 2-8
 235
 8174-MLSTN-1109
 L. YQSS
 INTERCOM - SACCO



R3 TARGET ZONE

DST #1 Rec: 186' OGCW.
 201' OGCSW
 SMPL: 1050cc Oil

RATCLIFFE

DST #2 Rec: SGWCM. 93'
 SGCW
 SMPL: 150cc Oil

MISSION CANYON

DST #3 Rec: 374' WCM.
 94' Wtr
 SMPL: 2100cc Wtr

6.000	COLLSEP	14.01	10000	TENSILE	0.0
0.0	GR (GRPL)	200.1	0.4500	RP	1 LIMESTONE
16.00	COLLSEP	26.01	0.4500	RPIC	2 LIMESTONE
					0.150
					0.150

JOLETTE OIL (USA), LLC

TYPE LOG
 MADISON RATCLIFFE ZONE

NDIC CASE NO 8152
 EXHIBIT NO 5

INDUSTRIAL COMMISSION
 STATE OF NORTH DAKOTA
 DATE 12/13/2003 CASE NO. 8152
 Introduced By Jollette Oil USA LLC
 Exhibit 5
 Identified By Borchert

VOLUMETRIC ANALYSIS
OIL RESERVOIR WITH SOLUTION GAS

OPERATOR: JOLETTE OIL USA, LLC
WELL NAME: HEUER #1-17
FIELD: SADLER
LOCATION: SE SE 17, T161N-R95W
COUNTY: DIVIDE
STATE: ND
FORMATION: MADISON

CASE # 8152
EXHIBIT #6

BASIC DATA & ESTIMATED RESERVES

DATUM: -5055 FEET
RESERVOIR PRESSURE: 3160# PSI
RESERVOIR TEMPERATURE: 153 DEGREES F
AVERAGE POROSITY: 20.00%
AVERAGE CONATE WATER SATURATION: 40.00%
OIL GRAVITY (API @ 60 DEGREES F): 35.5 DEGREES API
SOLUTION GOR (CUBIC FEET/BBL): 500 CUBIC FEET/BBL
FORMATION VOLUME FACTOR: 1.39
SPACING UNIT (ACRES): 640 ACRES
RECOVERY FACTOR: 15.00%
RESERVOIR THICKNESS: 8 FEET

OIL IN PLACE: 3,429,148 BARRELS OIL

RECOVERABLE OIL: 514,372 STOCK TANK BARRELS

RECOVERABLE SOLUTION GAS: 257,186 MCF GAS

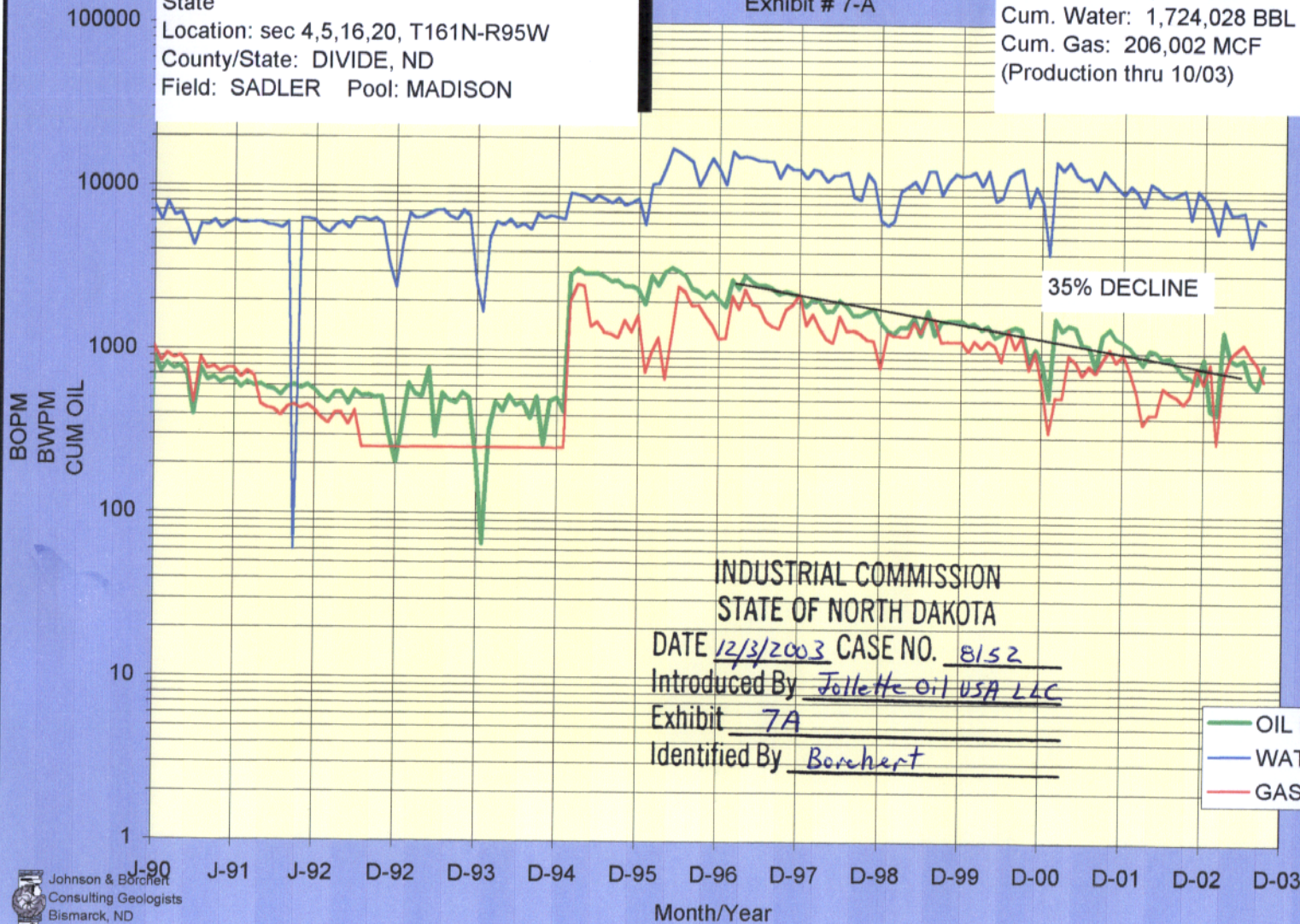
INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA
DATE 12/3/2003 CASE NO. 8152
Introduced By Jollette Oil USA LLC
Exhibit 6
Identified By Borchert

Operator: CONDOR/PROSPECTIVE
Well Name: Heuer-Johnson-Nelson-Davis
State
Location: sec 4,5,16,20, T161N-R95W
County/State: DIVIDE, ND
Field: SADLER Pool: MADISON

PRODUCTION DECLINE

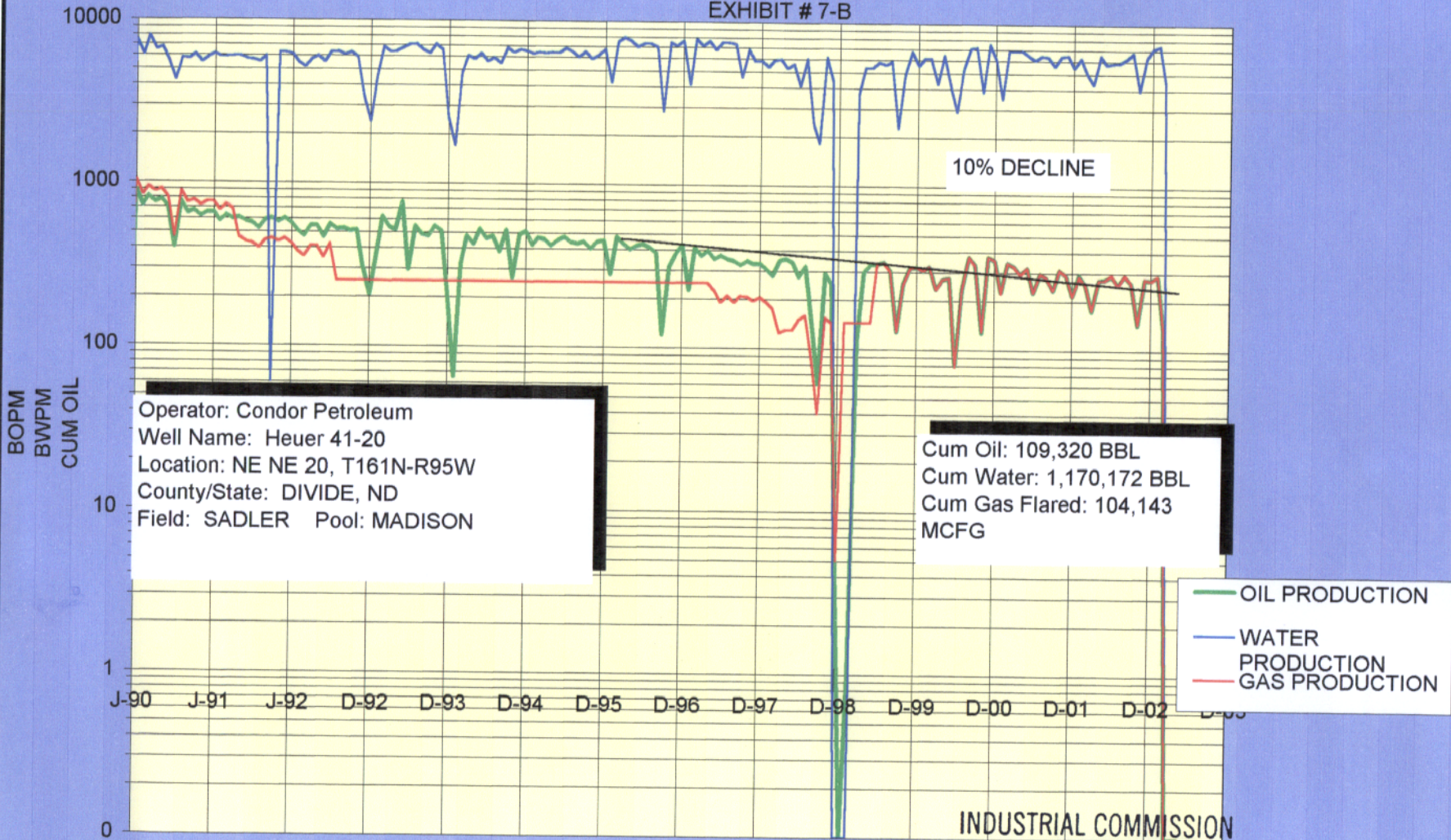
Case # 8152
Exhibit # 7-A

Cum. Oil: 256,997 BBL
Cum. Water: 1,724,028 BBL
Cum. Gas: 206,002 MCF
(Production thru 10/03)



PRODUCTION DECLINE

CASE # 8152
EXHIBIT # 7-B



Operator: Condor Petroleum
Well Name: Heuer 41-20
Location: NE NE 20, T161N-R95W
County/State: DIVIDE, ND
Field: SADLER Pool: MADISON

Cum Oil: 109,320 BBL
Cum Water: 1,170,172 BBL
Cum Gas Flared: 104,143
MCFG

— OIL PRODUCTION
— WATER PRODUCTION
— GAS PRODUCTION

BOPM
BWPM
CUM OIL

Month/Year

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

DATE 12/3/2003 CASE NO. 8152

Introduced By Follette Oil USA LLC
Exhibit 7B
Identified By Borchert

PRODUCING OIL & GAS PROPERTY ECONOMIC EVALUATION

CASE #8152

EXHIBIT # 8

OPERATOR: JOLETTE OIL USA LLC
 WELL NAME: HEUER #1-17
 FIELD: SADLER
 LOCATION: SE SE 17, T161N-R95W
 COUNTY: DIVIDE
 STATE: ND

DISCOUNT PRESENT VALUE

EVALUATION DATE:	11/30/03	W I	100.0%	0%	7,873,120
COMP. DATE:		N R I	80.0%	5%	6,721,926
CUM. PROD:	OIL (BBL): 0	PARTICIPATING REV. INTEREST	80.0%	10%	5,850,379
	GAS (MCF): 0	THRU	2004	15%	5,175,063
	WATER BBL: 0	THRU	2004	20%	4,640,388
		THRU	2004	25%	4,208,628
				30%	3,853,701
DECLINE RATE:	65 PERCENT (YR 1)	TAXES:		35%	3,557,242
	30 PERCENT (YR 2)	OIL:	9%	40%	3,306,078
	20 PERCENT (YR 3+)	GAS:	\$0.05	45%	3,090,597
WELL LIFE	144 MONTHS			50%	2,903,661
PRODUCT \$ OIL (\$/BO)	\$ 22.00	INITIAL INVESTMENT IN \$:			1350000
GAS (\$/MCF)	\$ 1.00	NET VALUE (UNDISC.):			7873120
OP. \$/MO.	\$ 4,000.00 (ESTIMATED)	DEDUCTIBLES:			1411349
ESCALATION OIL:	GAS	OP. COSTS	RETURN ON INVESTMENT.		5.83
FACTOR(%)	0%	0%			

CALENDAR YEAR	YEAR NUMBER	BBL OIL	OIL PRICE	MCF GAS	GAS PRICE	N.R.I. (%)	TAX & OP. COSTS	NET REVENUE	CUM REVENUE	STATE TAXES	OPER. COSTS
2004	1	134973	\$22.00	67487	\$ 1.00	80.00%	264497	2165023	2165023	216497	48000
2005	2	92054	\$22.00	46027	\$ 1.00	80.00%	203655	1453318	3618341	147655	56000
2006	3	60841	\$22.00	30420	\$ 1.00	80.00%	145589	949544	4567886	97589	48000
2007	4	49728	\$22.00	24864	\$ 1.00	80.00%	127764	767345	5335231	79764	48000
2008	5	40646	\$22.00	20323	\$ 1.00	80.00%	113195	618424	5953654	65195	48000
2009	6	33222	\$22.00	16611	\$ 1.00	80.00%	101288	496703	6450357	53288	48000
2010	7	27154	\$22.00	13577	\$ 1.00	80.00%	91555	397214	6847571	43555	48000
2011	8	22194	\$22.00	11097	\$ 1.00	80.00%	83600	315897	7163468	35600	48000
2012	9	18140	\$22.00	9070	\$ 1.00	80.00%	77097	249432	7412899	29097	48000
2013	10	14827	\$22.00	7414	\$ 1.00	80.00%	71783	195106	7608006	23783	48000
2014	11	12119	\$22.00	6060	\$ 1.00	80.00%	67439	150703	7758709	19439	48000
2015	12	9906	\$22.00	4953	\$ 1.00	80.00%	63888	114411	7873120	15888	48000
TOTALS		515804		257902			1411349	7873120		827349	536000

INDUSTRIAL COMMISSION
 STATE OF NORTH DAKOTA
 DATE 12/3/2003 CASE NO. 8152
 Introduced By Jolette Oil USA LLC
 Exhibit 8
 Identified By Borchert

PRODUCING OIL & GAS PROPERTY ECONOMIC EVALUATION

CASE # 8152
EXHIBIT # 9

OPERATOR: JOLETTE OIL USA LLC
WELL NAME: HEUER #1-17
FIELD: SADLER
LOCATION: SE SE 17, T161N-R95W
COUNTY: DIVIDE
STATE: ND

DISCOUNT PRESENT VALUE

EVALUATION DATE: 11/30/03	W.I.	100.0%	0%	1,316,706
COMP. DATE:	N.R.I.	80.0%	5%	1,164,870
CUM. PROD: OIL (BBL): 0	PARTICIPATING REV. INTEREST	80.0%	10%	1,042,243
GAS (MCF): 0	THRU	2004	15%	941,941
WATER BBL: 0	THRU	2004	20%	858,879
	THRU	2004	25%	789,273
			30%	730,285
DECLINE RATE: 65 PERCENT (YR 1)	TAXES:		35%	679,769
30 PERCENT (YR 2)	OIL:	9%	40%	636,084
20 PERCENT (YR 3+)	GAS:	\$0.05	45%	597,967
WELL LIFE: 144 MONTHS			50%	564,434
PRODUCT \$ OIL (\$/BO) \$ 22.00	INITIAL INVESTMENT IN \$:			900000
GAS (\$/MCF) \$ 1.00	NET VALUE (UNDISC.):			1316706
OP. \$/MO. \$ 4,000.00 (ESTIMATED)	DEDUCTIBLES:			688739
ESCALATION OIL: GAS OP. COSTS	RETURN ON INVESTMENT:			1.46
FACTOR(%) 0% 0% 0%				

CALENDAR YEAR	YEAR NUMBER	BBL OIL	OIL PRICE	MCF GAS	GAS PRICE	N.R.I. (%)	TAX & OP. COSTS	NET REVENUE	CUM REVENUE	STATE TAXES	OPER. COSTS
2004	1	28794	\$22.00	22496	\$ 1.00	80.00%	88510	436266	436266	46510	42000
2005	2	19638	\$22.00	15342	\$ 1.00	80.00%	80721	277186	713452	31721	49000
2006	3	12979	\$22.00	10140	\$ 1.00	80.00%	62965	173584	887036	20965	42000
2007	4	10609	\$22.00	8288	\$ 1.00	80.00%	59136	134208	1021244	17136	42000
2008	5	8671	\$22.00	6774	\$ 1.00	80.00%	56006	102024	1123267	14006	42000
2009	6	7087	\$22.00	5537	\$ 1.00	80.00%	53448	75718	1198986	11448	42000
2010	7	5793	\$22.00	4526	\$ 1.00	80.00%	51357	54217	1253203	9357	42000
2011	8	4735	\$22.00	3699	\$ 1.00	80.00%	49648	36643	1289846	7648	42000
2012	9	3870	\$22.00	3023	\$ 1.00	80.00%	48251	22279	1312125	6251	42000
2013	10	3163	\$22.00	2471	\$ 1.00	80.00%	47109	10539	1322664	5109	42000
2014	11	2585	\$22.00	2020	\$ 1.00	80.00%	46176	943	1323607	4176	42000
2015	12	2113	\$22.00	1651	\$ 1.00	80.00%	45413	-6901	1316706	3413	42000
TOTALS		110038		85967			688739	1316706		177739	469000

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA
DATE 12/3/2003 CASE NO. 8152
Introduced By Jolette Oil USA LLC
Exhibit 9
Identified By Borchert



WILLIAM R. PEARCE 1910-1978
WILLIAM R. PEARCE
PATRICK W. DURICK
B. TIMOTHY DURICK
GARY R. PALNE •
DAVID E. REICH
JEROME C. KETTNERSON
JERRY J. BOSCHKEE •
LAWRENCE BENDER, P.C. •
JONATHAN P. SANSTEAD

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P.O. BOX 400
BISMARCK, NORTH DAKOTA 58502

TELEPHONE 701 221-2890
FAX 701 221-4766
E-MAIL law@pc2@pearcedurick.com

OFFICE COUNSEL
-ARRY, PEARCE

November 21, 2003



Mr. Bruce Hicks
Assistant Director
North Dakota Industrial Commission
Oil and Gas Division
600 East Boulevard
Bismarck, North Dakota 58505-0310

NDIC CASE NO. 8152
APPLICATION OF JOLETTE OIL
(USA), LLC

Dear Mr. Hicks:

Please find enclosed herewith for filing an AFFIDAVIT OF SERVICE BY MAIL in regard to the above-captioned matter.

Should you have any questions, please advise.

Sincerely,

LAWRENCE BENDER

LB/leo
Enclosure
cc: Ms. Karlene Fine - (w/enc.)
Mr. Lynn Helms - (w/enc.)

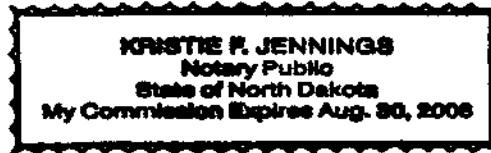
Subscribed and sworn to before me this 17 day of November, 2003.

Kristie F. Jennings

Notary Public

Burleigh County, North Dakota

My Commission expires: *8/30/08*



Arlan V. Heuer & Kathleen Heuer
HCR 1, Box 19
Noonan, ND 58765

Robert W. Heuer
P.O. Box 248
Eureka, MT 59917

Floyd Frederickson
Debi J. Frederickson
9445 106th Ave. NW
Noonan, ND 58765

Rodney C. Geil, Trustee U/A dtd 12/30/90
for Rodney & Bruce Geil & Dawnetta
Gustafson & Marie Johnson
9 Spruce St.
Pine Haven, WY 82721-9737

Esther M. Dixon
Clifford O. Dixon
P.O. Box 233
Ray, ND 58849

Donna Mae Brodel
17 SW 2nd St.
Tioga, ND 58852

Lillie Ringwall, aka Lily Ringwall
aka Lillian Ringwall
Chester Ringwall
10325 93rd Ave. NW
Columbus. ND 58727

David L. McLaughlin
Nancy J. McLaughlin
4558 SR9
Sedro Woolley, WA 98284

Robert & Sandra Haagenson. Trustees
of Haagenson Fam.Min.Trust created
by Agreement dtd 12-24-02
1802 Bison Drive
Williston, ND 58801

Phyllis Adams and Harry Adams
3210 Gatewood Drive
Lake Havasu City, AZ 86402

Darwin J. Adams
28201 Burned Oak Terrace
Escondido, CA 92026

Rick A. Adams
28 Higgins St.
Logan Holm
Queensland, Australia 4129

Howard G. Melby & Betty J. Melby
P.O. Box 384
Noonan, ND 58765

Marlys L. Melby, Trustee of Marlys L.
Melby Revoc.Trust dated 4-22-93
Rt. 1, Box 2A
Washburn, ND 58577

Joyce Ilene Melby Miller
aka Joyce Miller
650 1st St. South
Carrington, ND 58421

Janet Elaine Melby Matthys
Duane H. Matthys
2914 173rd Ave. SE
Argusville, ND 58005

Mark Melby aka Mark Goodwin
Melby
1018 Goodmurphy Bay North
Regina, Sask. CAN S4X-2P7

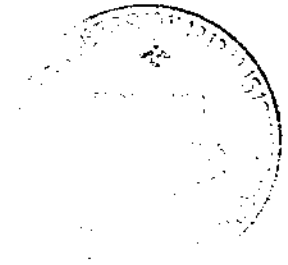
Debbie Cowan fka
Debbie Kuper
111 Noonan Road
Regina, Sask. CAN S4V-0J5

EXHIBIT A

**BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA**

CASE NO. 8152

IN THE MATTER OF THE APPLICATION OF JOLETTE OIL (USA), LLC FOR AN ORDER OF THE COMMISSION TO CREATE AND ESTABLISH A 640-ACRE SPACING AND/OR DRILLING UNIT, COMPRISED OF ALL OF SECTION 17, TOWNSHIP 161 NORTH, RANGE 95 WEST, DIVIDE COUNTY (SADLER FIELD), NORTH DAKOTA, AUTHORIZING THE DRILLING OF A HORIZONTAL WELL NOT LESS THAN 660 FEET FROM THE SPACING AND/OR DRILLING UNIT BOUNDARY AS AN EXCEPTION TO ANY PREVIOUS SPACING ORDERS AND THE PROVISIONS OF SECTION 43-02-03-18 OF THE N.D. ADMIN. CODE AND/OR SUCH OTHER AND FURTHER RELIEF AS THE COMMISSION DEEMS APPROPRIATE.



APPLICATION OF JOLETTE OIL (USA), LLC

Jolette Oil (USA), LLC ("Jolette"), for its application respectfully states as follows:

1.

That Jolette is the owner of an interest in the oil and gas leasehold estate in portions of Section 17, Township 161 North, Range 95 West, Divide County, North Dakota ("Section 17").

2.

That such lands are currently within an area defined by the North Dakota Industrial Commission ("Commission") as the field boundaries for the Sadler Field.

3.

That pursuant to various orders of the Commission, spacing for the Sadler-Madison Pool and the Sadler-Bakken Pool have been established at one well to 160 acres.

4.

That pursuant to Section 43-02-03-18(2)(a) of the North Dakota Administrative Code, horizontal wells projected to a depth not deeper than the Mission Canyon formation must be drilled upon a tract described as two adjacent governmental quarter-quarter sections within the same quarter section or equivalent lots, located not less than 500 feet to the outside boundary of such tract.

5.

That pursuant to Section 43-02-03-18(2)(b) of the North Dakota Administrative Code, horizontal wells projected to a depth deeper than the Mission Canyon formation, must be drilled upon a tract described as two adjacent governmental quarter sections within the same section or equivalent lots, located not less than 660 feet to the outside boundary of such tract.

6.

That Jollette desires to utilize the horizontal drilling technique to further develop the above described property.

7.

That it is the opinion of Jollette that use of the horizontal drilling technique to further develop the above described property will increase the ultimate recovery of the reservoir.

8.

That pursuant to N.D.C.C. §38-08-07, the Commission is empowered to divide any pool into separate zones and to modify its previous spacing order when necessary to prevent waste, avoid the drilling of unnecessary wells or to protect correlative rights.

9.

That N.D.C.C. §38-08-07(3) provides, in part, that upon application, if the Commission finds that a well drilled at the prescribed location would not produce in paying quantities, that surface conditions would substantially add to the burden or hazard of drilling such well, or that the drilling of such well at a location other than the prescribed location is necessary to protect correlative rights, prevent waste, or to effect greater ultimate recovery of oil and gas, the Commission is authorized to enter an order permitting the well to be drilled at a location other than a prescribed location.

10.

That attached hereto and marked Exhibit "A" is a plat showing the proposed location and showing all producing wells and abandoned producers and dry holes on properties adjoining the proposed location.

11.

That attached hereto and marked Exhibit "B" is a list of owners or lessees of properties adjoining the tract which would be affected by the exception location to each of which a copy of this application will be mailed, certified mail, return receipt requested.

12.

That Jolette is of the opinion that drilling a horizontal test well at a location not less than 660 feet to the boundary of the proposed spacing and/or drilling unit is necessary to protect correlative rights, prevent waste and to effect the greater ultimate recovery of oil and gas from the pool.

13.

That in order to prevent waste, to avoid the drilling of unnecessary wells and to protect correlative rights, the Commission should establish a 640-acre spacing and/or drilling unit comprising of all of Section 17 and authorize the drilling of one horizontal well within said spacing and/or drilling unit not less than 660 feet to the proposed spacing and/or drilling unit boundary

14.

That Jollette, therefore, requests that the Commission establish a 640-acre spacing and/or drilling unit comprised of Section 17, Township 161 North, Range 95 West, Divide County, North Dakota, and to authorize the drilling of one horizontal well within said spacing and/or drilling unit not less than 660 feet to the proposed spacing and/or drilling unit boundary as an exception to the provisions of Section 43-02-03-18 of the North Dakota Administrative Code.

WHEREFORE, Jollette requests the following:

(a) That this matter be set for hearing by the Commission on December 3, 2003 and thereafter the Commission issue its order establishing a 640-acre spacing and/or drilling comprised of Section 17, Township 161 North, Range 95 West, Divide County, North Dakota and such other and further relief as the Commission may deem appropriate; and

(b) That pursuant to N.D. Admin. Code § 43-02-03-88.2, Jollette's witnesses in this matter be allowed to participate by telephonic means.

DATED this 10th day of November, 2003,

Well Locations

R. 95 W.

T. 161 N.

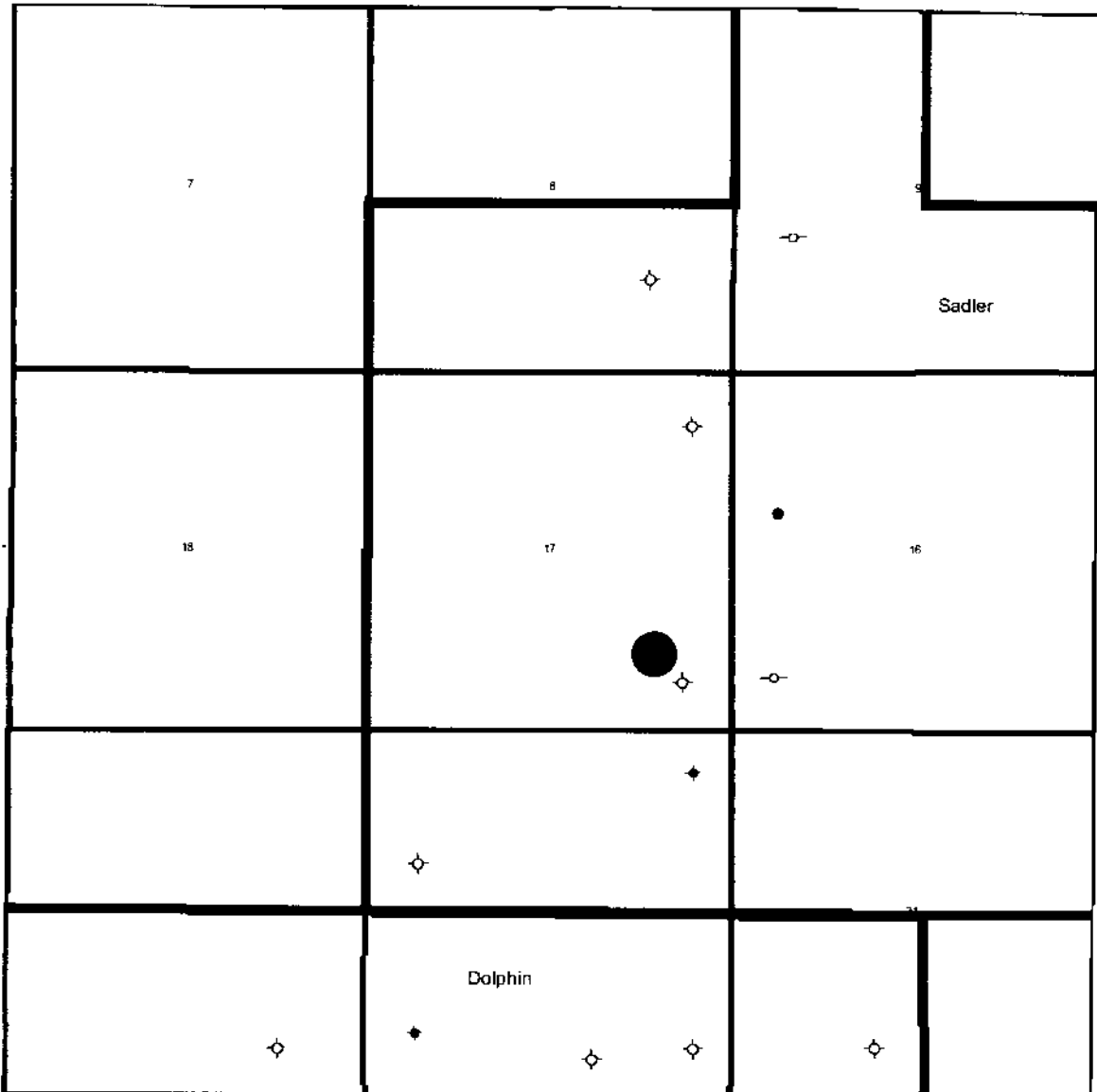


EXHIBIT A



Arlan V. Heuer & Kathleen Heuer
HCR 1, Box 19
Noonan, ND 58765

Robert W. Heuer
P.O. Box 248
Eureka, MT 59917

Floyd Frederickson
Debi J. Frederickson
9445 106th Ave. NW
Noonan, ND 58765

Rodney C. Geil, Trustee U/A dtd 12/30/90
for Rodney & Bruce Geil & Dawnetta
Gustafson & Marie Johnson
9 Spruce St.
Pine Haven, WY 82721-9737

Esther M. Dixon
Clifford O. Dixon
P.O. Box 233
Ray, ND 58849

Donna Mae Brodel
17 SW 2nd St.
Tioga, ND 58852

Lillie Ringwall, aka Lily Ringwall
aka Lillian Ringwall
Chester Ringwall
10325 93rd Ave. NW
Columbus, ND 58727

David L. McLaughlin
Nancy J. McLaughlin
4558 SR9
Sedro Woolley, WA 98284

Robert & Sandra Haagenson, Trustees
of Haagenson Fam.Min.Trust created
by Agreement dtd 12-24-02
1802 Bison Drive
Williston, ND 58801

Phyllis Adams and Harry Adams
3210 Gatewood Drive
Lake Havasu City, AZ 86402

Darwin J. Adams
28201 Burned Oak Terrace
Escondido, CA 92026

Rick A. Adams
28 Higgins St.
Logan Holm
Queensland, Australia 4129

Howard G. Melby & Betty J. Melby
P.O. Box 384
Noonan, ND 58765

Mariys L. Melby, Trustee of Marlys L.
Melby Revoc.Trust dated 4-22-93
Rt. 1, Box 2A
Washburn, ND 58577

Joyce Ilene Melby Miller
aka Joyce Miller
650 1st St. South
Carrington, ND 58421

Janet Elaine Melby Matthys
Duane H. Matthys
2914 173rd Ave. SE
Argusville, ND 58005

Mark Melby aka Mark Goodwin
Melby
1018 Goodmurphy Bay North
Regina, Sask. CAN S4X-2P7

Debbie Cowan fka
Debbie Kuper
111 Noonan Road
Regina, Sask. CAN S4V-0J5

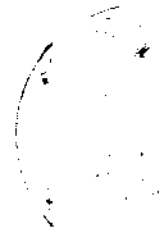


EXHIBIT B



WILLIAM R. PEARCE 1910-1978
 WILLIAM P. PEARCE
 PATRICK W. DURICK
 B. TIMOTHY DURICK
 GARY R. THJANE •
 DAVID E. REICH
 JEROME C. KETTLESON
 LARRY I. BOSCHEE •
 LAWRENCE BENDER, PC •
 JONATHAN P. SANSTEAD

ATTORNEYS AT LAW
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 P.O. BOX 400
 BISMARCK, NORTH DAKOTA 58502

TELEPHONE (701) 222-2890
 FAX (701) 222-2786
 EMAIL: lawoffice@pearce-durick.com

OF COUNSEL
 HARRY J. PEARCE

November 10, 2003

HAND DELIVERED

Mr. Bruce Hicks
 Assistant Director
 North Dakota Industrial Commission
 Oil and Gas Division
 600 East Boulevard
 Bismarck, North Dakota 58505-0310



**APPLICATION OF JOLETTE OIL
 (USA), LLC
 ALL OF SECTION 17, TOWNSHIP 161
 NORTH, RANGE 95 WEST, DIVIDE
 COUNTY, NORTH DAKOTA**

Dear Mr. Hicks:

Please find enclosed herewith for filing an APPLICATION OF JOLETTE OIL (USA), LLC as described above.

Thank you for your attention to this matter.

Sincerely,

 LAWRENCE BENDER

LB/leo
 Enclosure

cc: Ms. Karlene Fine - (w/enc.)
 Mr. Lynn Helms - (w/enc.)
 Mr. Charles Carvell - (w/enc.)



WILLIAM R. PEARCE 1910-1978
 WILLIAM P. PEARCE
 PATRICK W. DURICK
 B. TIMOTHY DURICK
 GARY R. THUNE •
 DAVID E. REICH
 JEROME C. KETTLESON
 LARRY L. BOSCHÉE •
 LAWRENCE BENDER, PC •
 JONATHAN P. SANSTEAD

ATTORNEYS AT LAW
 314 EAST THAYER AVENUE
 P.O. BOX 400
 BISMARCK, NORTH DAKOTA 58502



TELEPHONE (701) 223-2890
 FAX (701) 223-7865
 E-MAIL law.office@pearce.durick.com

OF COUNSEL
 HARRIS J. PEARCE

November 11, 2003

VIA FACSIMILE AND U.S. MAIL

Ms. Karlene Fine
 Executive Director and Secretary
 North Dakota Industrial Commission
 Capitol Building, 14th Floor
 600 East Boulevard
 Bismarck, North Dakota 58505-0310

**RE: NORTH DAKOTA INDUSTRIAL
 COMMISSION CASE NO. 8152**

Dear Ms. Fine:

This firm represents Jolette Oil (USA), LLC ("Jolette") in the above-captioned matter which is scheduled to be heard on December 3, 2003.

Case No. 8152 requests an Order of the North Dakota Industrial Commission ("Commission") to create and establish a 640-acre spacing and/or drilling unit, comprised of all of Section 17, Township 161 North, Range 95 West, Sadler Field, Divide County, North Dakota, authorizing the drilling of a horizontal well not less than 660 feet from the spacing and/or drilling unit boundary as an exception to any previous spacing orders and well location rules.

Jolette is in the process of securing a rig to drill the above-referenced well. It is anticipated that a rig will be available which would allow for a spud date in early December of 2003. If Jolette cannot drill this well in early December, the rig Jolette plans to utilize will likely be committed to other projects and this well will be delayed or may never be drilled.

Ms. Karlene Fine
November 11, 2003
Page 2

Jolette, therefore, respectfully requests that the Director of the Oil and Gas Division, Mr. Lynn Helms, be given the authority to consider the evidence presented at the hearing of the above-captioned matter and thereafter grant Jolette's application if he deems the request appropriate.

Should you have any questions, please advise.

Sincerely,



LAWRENCE BENDER

LB/leo

cc: Mr. Lynn Helms *Via Facsimile and U.S. Mail*
Mr. Bruce Hicks *Via Facsimile and U.S. Mail*

Notice of publication

**NORTH DAKOTA
INDUSTRIAL COMMISSION
BISMARCK, NORTH DAKOTA**

The State of North Dakota by its Industrial Commission hereby gives notice pursuant to law and the rules and regulations of said Commission promulgated thereunder of the following public hearing to be held at 9:00 a.m. on December 3, 2003, North Dakota Oil and Gas Division Office, 1016 East Calgary Avenue, Bismarck, North Dakota. For the purpose of this hearing, the Commission, any member thereof acting as Examiner, or an Examiner appointed by the Commission will receive testimony and exhibits.

ATTENTION PERSONS WITH DISABILITIES: If you plan to attend the hearing and will need special facilities or assistance relating to a disability, please contact the North Dakota Industrial Commission at 701-328-3722 by November 24, 2003.

STATE OF NORTH DAKOTA TO:

All named parties and persons having any right, title, interest, or claim in the following cases and notices to the public: Case No. 8152: On a motion of the Commission to consider the application of Jolette Oil (USA), LLC for an order to create and establish a 640-acre spacing and/or drilling unit, comprised of all of Section 17, T.161N., R.95W., Sadler Field, Divide County, North Dakota, authorizing the drilling of a horizontal well not less than 660 feet from the spacing and/or drilling unit boundary as an exception to any previous spacing orders and the provisions of Section 43-02-03-18 of the North Dakota Administrative Code and/or such other and further relief as the Commission deems appropriate.

Signed by,
John Hoeven, Governor
Chairman
ND Industrial Commission
(11-12)



Affidavit of Publication

State of North Dakota, County of Divide, ss:

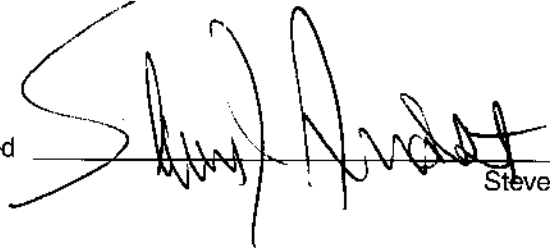
I, Steven J. Andrist, being first duly sworn, on my oath, say that I am the publisher of The Journal, a weekly newspaper of general circulation and official newspaper of Divide County, State of North Dakota, published in the city of Crosby, ND, and that the advertisement headed

NOTICE OF PUBLICATION

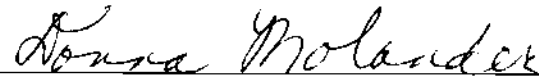
a printed copy of which is here attached, was published in The Journal on the following dates:

November 12, 2003 8 inches @ 4.90 = 39.20

TOTAL CHARGE \$39.20

Signed  _____
Steven J. Andrist, Publisher

Subscribed and sworn to before me November 12, 2003



Donna Molander
Notary Public, State of North Dakota
My Commission Expires January 26, 2007

PO Box 5516
 Bismarck, ND 58506-5516
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 In State 800-472-2273
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 EXP. DATE: _____
 SIGNATURE: _____

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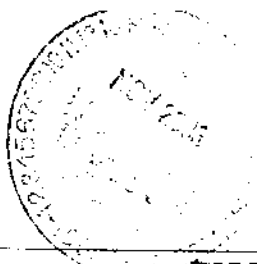
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10	DATE	11	NEWSPAPER REFERENCE	12	13	14	DESCRIPTION - OTHER COMMENTS/CHARGES	15	16	SAU SIZE BILLED UNITS	17	18	TIMES RUN RATE	19	GROSS AMOUNT	20	NET AMOUNT
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RONDA DIONE DICK
 Notary Public, STATE OF NORTH DAKOTA
 My Commission Expires AUGUST 21, 2004

appropriate. On a motion of the Commission to consider the application of Jollette Oil (USA), LLC for an order to create and establish a 640-acre spacing and/or drilling unit, comprised of all of Section 17, T.161N., R.95W., Sadler Field, Divide County, North Dakota, authorizing the drilling of a horizontal well not less than 660 feet from the spacing and/or drilling unit boundary as an exception to any previous spacing orders and the provisions of Section 43-02-03-18 of the North Dakota Administrative Code and/or such other and further relief as the Commission deems appropriate.
 Signed by,
 John Hoeven, Governor
 Chairman, ND Industrial Commission
 11/12 - 185201



**NOTICE OF PUBLICATION
 NORTH DAKOTA
 INDUSTRIAL COMMISSION
 BISMARCK, NORTH DAKOTA**

The State of North Dakota by its Industrial Commission hereby gives notice pursuant to law and the rules and regulations of said Commission promulgated thereunder of the following public hearing to be held at 9:00 a.m. on December 3, 2003, North Dakota Oil and Gas Division Office, 1016 East Calgary Avenue, Bismarck, North Dakota. For the purpose of this hearing, the Commission, any member thereof acting as Examiner, or an Examiner appointed by the Commission will receive testimony and exhibits.
ATTENTION PERSONS WITH DISABILITIES: If you plan to attend the hearing and will need special facilities or assistance relating to a disability, please contact the North Dakota Industrial Commission at 701-328-3722 by November 24, 2003.

STATE OF NORTH DAKOTA TO:
 All named parties and persons having any right, title, interest, or claim in the following cases and notices to the public: Case No. 8150: On a motion of the Commission to consider the application of Burlington Resources Oil & Gas Company LP for an order pursuant to North Dakota Administrative Code (NDAC) Section 43-02-03-88.1 authorizing the conversion to enhanced recovery into the Cedar Hills South-Red River "B" Unit, of the following wells: CHSU #34-105H 16 well, and the CHSU #34-10NH 16 well, both located in the SW/4 SE/4 of Section 10, T.131N., R.106W., in the Cedar Hills Field, Bowman County, North Dakota, pursuant to NDAC Chapter 43-02-05 and providing such other and further relief as the Commission deems appropriate. Case No. 8151: On a motion of the Commission to consider the application of Paul Rankin Inc. for an order pursuant to North Dakota Administrative Code (NDAC) Section 43-02-03-88.1 authorizing the conversion to enhanced recovery into the Glass Bluff-Madison Unit, of the Big River #1 well, located in the SE/4 NW/4 of Section 29, T.152N., R.103W., Glass Bluff Field, McKenzie County, North Dakota, pursuant to NDAC Chapter 43-02-05 and providing such other and further relief as the Commission deems

FIRST NOTI

44.80

You may reach us at:	Bismarck Tribune	Bismarck Tribune 701-223-2500 in State 800-472-2273 Fax 701-223-6584	Finder	Mandon Finder 701-663-6823 Toll Free 800- Fax 701-663-2442	1852010	11/14/03	185201-0	185201-0	OIL & GAS DIVISION
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